

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re	:	Chapter 11
	:	
W.R. Grace & Co., <i>et al.</i>	:	Case No. 01-01139 JKF
	:	
Debtors.	:	Hearing: 9/29/2008 at 10:00 a.m.
		Docket Reference No. 19378

**RESPONSE OF SEATON INSURANCE COMPANY TO DEBTORS'
AMENDED TWENTY-FIFTH OMNIBUS OBJECTION TO CLAIMS**

Seaton Insurance Company (“Seaton”), as successor in interest to Unigard Security Insurance Company (formerly Unigard Mutual Insurance Company), responds as follows to the Debtors’ Amended Twenty-Fifth Omnibus Objection to Claims:

1. Seaton’s Claim No. 15531 (the “Secured Claim”) is an unliquidated claim based on contractual indemnity agreements signed by W.R. Grace & Co. and/or W.R. Grace & Co. – Conn. on behalf of themselves and each of the other Debtors herein and is secured by Seaton’s rights of setoff against any obligations owed (or claimed to be owed) by Seaton to any of the Debtors. *See* Bankruptcy Code §§ 506(a)(1), 553(a).

2. The sole relief now sought by the Debtors as against Seaton is to reclassify its Secured Claim as unsecured. *See* Debtors’ Omnibus 25 Exhibit E at No. 3.

3. With respect to Unigard Policy No. 1-2517 (the “Settled Unigard Policy”), Seaton has contractual rights of indemnification against the Debtors under Section V (“Indemnification/Hold Harmless Agreement”) of the Settlement Agreement, Release and Indemnification/Hold Harmless Agreement dated August 6, 1992, between W.R. Grace & Co. – Conn, *et al.*, and Unigard Security Insurance Company (formerly Unigard Mutual Insurance Company), *et al.*

4. The Settled Unigard Policy is listed as “Settled” (rather than “Resolved”) on the List of Subject Asbestos Insurance Policies attached as Exhibit 10 to the Debtors’ Amended Joint Plan of Reorganization dated January 13, 2005. Accordingly, the Debtors appear to claim that Seaton, as successor to Unigard, owes obligations to one or more of the Debtors under the Settled Unigard Policy.

5. Seaton’s Secured Claim is secured by Seaton’s rights of setoff against the obligations that the Debtors contend Seaton owes them under the Settled Unigard Policy.

6. The Debtors’ objection to Seaton’s Secured Claim is therefore unfounded.

7. In addition, the Debtors’ objection is premature, because the Debtors have not yet filed an amended Plan of Reorganization that can be confirmed and therefore have no present need for the relief sought by their objection.

WHEREFORE, the objection to Seaton’s Secured Claim should be overruled.

Dated: September 4, 2008

Respectfully submitted,

/s/ David P. Primack

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